

Leading the Way

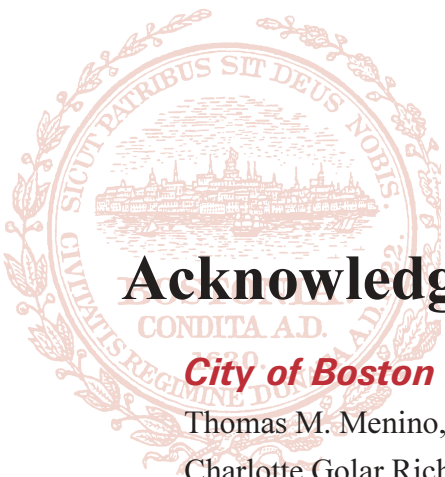
Boston's Housing Strategy FY 2001-2003

A Midpoint Progress Report

January 2002

Thomas M. Menino
Mayor





Acknowledgements

City of Boston Administration

Thomas M. Menino, Mayor

Charlotte Golar Richie, Chief of Housing, Director, Dept. of Neighborhood Development

Sandra B. Henriquez, Administrator/CEO, Boston Housing Authority

Mark Maloney, Chief Economic Development Officer and Director,

Boston Redevelopment Authority

Kevin J. Joyce, Commissioner, Inspectional Services Department

Edward Collins, Chief Financial Officer

Juanita B. Wade, Chief of Human Services

Mayor's Housing Advisory Committee

Watchen Barker, Community Development Officer, Fleet Community Banking Group

Joseph E. Corcoran, Sr, Chairman, Corcoran Jennison Companies

Marc Draisen, President, CEO, Massachusetts Association of Community Development Corp.

Joseph Flatley, President and CEO, Massachusetts Housing Investment Corporation

Aaron Gornstein, Executive Director, Citizen's Housing and Planning Association

Robert Kuehn, President, Keen Development Corporation

Sister Margaret Leonard, Executive Director, Project HOPE

Jeanne Pinado, Executive Director, Madison Park Development Corporation

Charleen Regan, Principal, KIA Consulting

Nicolas Retsinas, Director, Joint Center for Housing Studies of Harvard University

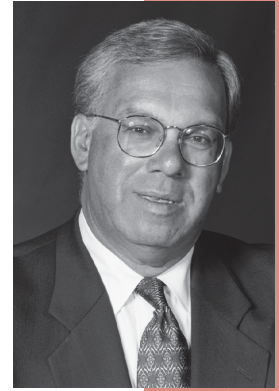
William Stetson, Senior Vice President, Beacon Residential Management

Richard Taylor, Chairman, Taylor Smith Properties

Eleanor White, President, Housing Partners, Inc.

Alfred Wojciechowski, AIA, Principal, Childs, Bertman, Tseckares, Inc.

January 2002



Dear Friends:

Eighteen months ago, I launched the effort known as *Leading the Way*. This comprehensive housing strategy was designed by my Housing Advisory Panel as a three-year blueprint for increasing the production and preservation of housing in the City of Boston, with a particular focus on maintaining affordability in both new and preserved housing.

Leading the Way established goals for housing production and preservation: to build 7,500 new units of housing and to preserve 10,000 units of affordable rental and owner-occupied housing. To ensure that the goals of affordability were being met, 3,200 of these 7,500 new units of housing were to be in new affordable developments (2,100) or reclaimed vacant public housing (1,100).

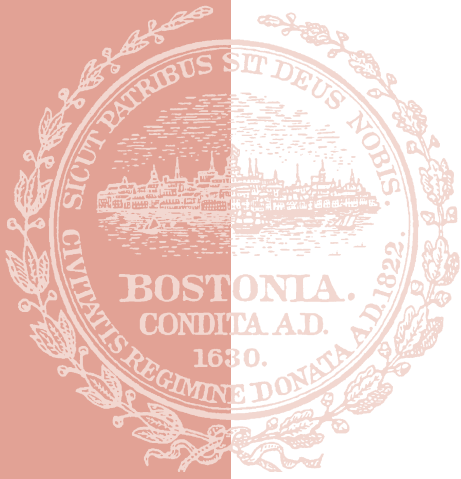
This Midpoint Report highlights the progress we have made. I am pleased to announce that we have made solid strides toward achieving these goals, despite the changing economic circumstances of 2001. In fact, as of December 31, 2001, 4,686 new units of housing were permitted. This is 125% of the expected mid-point goal of 3,750 units. Of the 2,100 new affordable units expected to be built by the end of the *Leading the Way* initiative (June 30, 2003) 1,441, or 69%, have already been permitted.

With solid progress like this, I am confident that we will achieve the goals that we established in July 2000.

Sincerely,

Thomas M. Menino
Mayor of Boston







***Charlotte Golar Richie, Chief of Housing and Director
Department of Neighborhood Development***

This Midpoint Progress Report for *Leading the Way* showcases our record in achieving solid results for the constituents of the City of Boston who need access to new and affordable housing. With 4,686 units of the promised 7,500 permitted or produced, we are 25% ahead of where we expected to be eighteen months ago when we began enacting this housing strategy. With an additional 4,842 units preserved, nearly 60% of which were in at-risk affordable, multi-family developments, our goal of ensuring that 10,000 units of critically needed housing remain in active use has also gained substantial ground. I commend our partners in the Community Development Corporations in Boston who have worked with DND staff to commit the necessary resources to new development and preservation. We could not have achieved so much in this short time without these important collaborations.



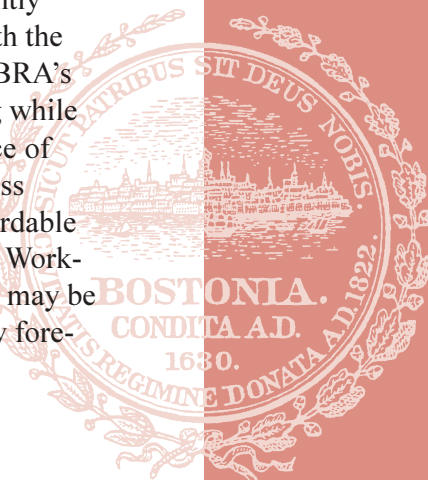
***Sandra B. Henriquez, Administrator/CEO
Boston Housing Authority***

Over the course of the past eighteen months, the Boston Housing Authority has made noteworthy advancement in returning to active use the 1,100 units of vacant public housing and federal HOPE-6 units that were designated by the original *Leading the Way* plan for re-use. During this time, the BHA has returned to the rolls of public housing 616 units, or 56% of our overall goal. All of these units required some level of rehabilitation, ranging from minor repairs to compete reconstruction before they could be deemed habitable. In addition, we have successfully secured a \$35 million HUD grant that will allow the Authority to fund the critically necessary rehabilitation of the Maverick Gardens Housing Development in East Boston. I sincerely thank the staff of the BHA and our partners for their hard work; it was through their efforts that we have been able to achieve so much in this short time.



***Mark Maloney, Chief Economic Development Officer
and Director
Boston Redevelopment Authority***

The Boston Redevelopment Authority is proud of its role in the *Leading the Way* initiative. In *Leading the Way*, Mayor Menino challenged the private development community to significantly increase housing production and to work collaboratively with the BRA to build affordable units in market-rate projects. The BRA's work with these developers to produce new units of housing while gaining the maximum amount of affordability has been challenging in the face of changing economic circumstance, but ultimately rewarding. Boston's business community has responded impressively; on some projects the number of affordable units as required by the Inclusionary Development Policy was far surpassed. Working with developers, the BRA has identified approximately 45 properties that may be appropriate for additional new multi-family housing development, potentially foreshadowing even greater numbers of privately provided affordable units.





Leading the Way

Boston's Housing Strategy

Year One Progress Report

Table of Contents

Year One Report

I. Housing Production:

I. Overall Housing Production.....	1
II. City Assisted Housing Production.....	1
III. Vacant Public Housing.....	2
IV. Private Housing Production.....	3
V. Affordable Housing Production.....	3
VI. Housing For Low-Income, Homeless & Special Needs.....	4
VII. Land For Housing.....	5
VIII. Abandoned Housing.....	9

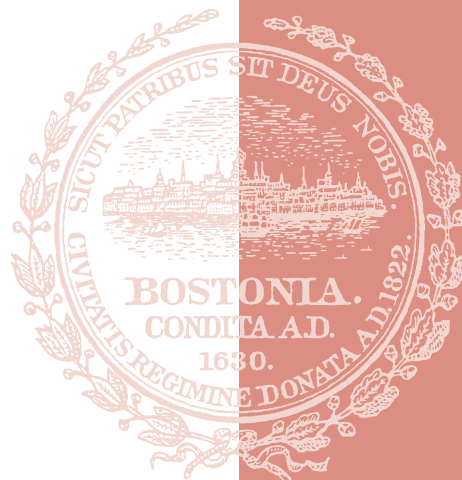
2. Housing Preservation:

I. Multifamily Rental Housing Preservation.....	10
II. Preservation of Owner-Occupied Housing.....	11
III. Long-term Affordability Through Homeownership.....	11

3. Partners and Resources:

I. City of Boston Resources.....	12
II. Commonwealth of Massachusetts Resources.....	13
III. Private Resources.....	14

Endnotes/Credits.....	15
-----------------------	----





Progress Report on Leading The Way Initiatives:

1. Housing Production

I. Overall Housing Production ¹

In the first half of Boston's *Leading The Way* plan,² which began July 2000, a total of 4,686 units have been permitted. This exceeds the 3,750-unit target needed to achieve the 3-year goal of 7,500 total new units. At 2,721 units to date, the private sector has already permitted 63% of its 4,300-unit goal. City-assisted housing production³, with 1,603 units created, is also proceeding at the rate necessary to successfully deliver on the City's commitment to create 2,100 new units.

There are also 7,149 units of housing currently in the planning stages. In total, almost 12,000 units could be created if every pipeline project were to be constructed.

Table 1 OVERALL HOUSING PRODUCTION Units Permitted, July 1, 2000 - December 31, 2001	
Production Category	Total Units
Private Housing Production	2,721
Vacant Public Housing	362
City Assisted Housing	1,603
TOTAL	4,686
3-Year Target	7,500
% of Target Accomplished	62.5%

Table 2 PROJECTED OVERALL HOUSING PRODUCTION July 1, 2000 - June 30, 2003		
3 Year Goal	Permitted to Date	Pipeline as of Jan 1, 2002
7,500	4,686	7,149

II. City-Assisted Housing Production

City-assisted housing includes those residential developments that are supported by the City through the use of BRA or City-owned real estate or through public financing resources. These projects include a total of 1,603 units, putting the City on target to reach its 2,100-unit goal. The largest source of these new units was created through large scale joint BRA-DND projects (typically BRA providing real estate and DND assisting with financing) such as Rollins Square in the South End (184 units), St. Botolph Assisted Living in the Fenway (82 units), and Parcel C in Chinatown (251 units).

Table 3 CITY ASSISTED HOUSING PRODUCTION Units Permitted, July 1, 2000 - December 31, 2001	
Production Program	Permitted to Date
BRA/DND Development	1002
DND Development	554
DND Property Disposition	10
Senior Vacant Apartments	15
LISC 1-4 Family Program	15
Residential Development Program	7
TOTAL	1603

1.
Housing
Production

The DND sponsored developments were primarily mid-scale, including homeownership projects such as Sargent Street Homes (22 units), Woodward Park North (22 units), and low-income rental projects such as Riley House (40 units) and Talbot/Bernard (31 elderly and 45 family units).

The DND Property Disposition program (unsubsidized property sales) produced a relatively small number of units, reflecting the fact that DND rarely routes any of its residential real estate for market-rate sales. With 15 units so far, the Senior Vacant Apartments initiative has had a smaller caseload than originally anticipated. Consequently, DND is lowering this program’s production goal to 100 units. It should be emphasized that the City is still holding to its 2,100 unit overall production goal. As such, this reallocation of programmatic resources merely represents a shift in strategy. The LISC 1-4 Program and the Residential Development Program both produced a modest number of units, reflecting the fact that both programs depend on an increasingly scarce supply of abandoned buildings.

As of December 31, 2001, the City already has enough projects in the development pipeline to meet its 2,100-unit goal. A total of 992 units are currently in the pipeline and additional units are expected as the Senior Vacant Apartments, Residential Development and LISC 1-4 Program all continue to accept new projects. In light of the new economic reality of recession and reduced government spending, the greatest challenge will be to secure sufficient financing to move these projects off the drawing boards and into construction.



ROLLINS SQUARE DEVELOPMENT, SOUTH END

III. Vacant Public Housing

The City has established a goal of renovating and reoccupying 1,100 units of vacant public housing. As of December 31, 2001, 616 units⁴, or 56% of the goal, are in construction or complete.

In the first 18 months of this initiative, the BHA has concentrated its efforts on renovating those units that require the least amount of work and can be brought back on line most quickly. 561 units are already complete and being reoccupied. Most of the completed units are units requiring minor rehab or repair scattered throughout the BHA’s portfolio.

In the next year and a half, as the BHA completes the last few remaining units requiring minor repairs, the BHA’s primary focus will be on the major rehabilitation projects such as

West Broadway, Cathedral, Bickford Street, and Heath Street. In addition, the BHA will be directing its attention to moving ahead on the recently awarded Maverick HOPE-6 re-development project⁵.

Table 4 RECLAIMED VACANT PUBLIC HOUSING July 1, 2000 - December 31, 2001	
Production Category	Total Units
Vacant Public Housing Units	530
HOPE-6 Non-Replacement Housing	86
TOTAL	616

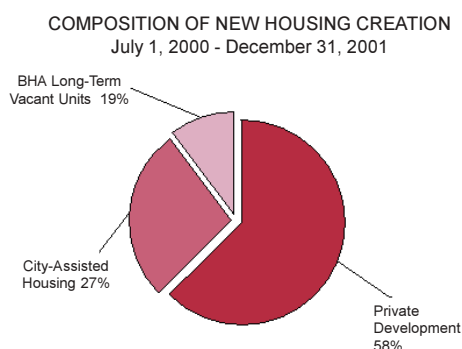
IV. Private Housing Production

The *Leading the Way* plan established a target goal of 4,300 units of new privately financed housing, or 57% of the overall 7,500-unit goal. The private market has permitted 2,721 units of housing, exceeding its midway production target of 2,150 units by more than 500 units.

The types of developments created by the private sector include the expected larger development projects such as The Belvedere in the Back Bay (65 Units), Park Plaza (220 units) and Wilkes Passage in the South End (155 units). 744 of those privately developed units were, however, created through a significant number of small developments (mostly under ten units) scattered throughout the city. Additionally, several universities and colleges started dormitory projects that also contributed to the overall production of 454 units⁶ of privately sponsored housing.



WILKES PASSAGE DEVELOPMENT SOUTH END - CURRENTLY IN CONSTRUCTION



The future pipeline of private housing projects continues to be significant. In total, 5,698 units of private housing development are currently on the drawing boards. Allowing for the attrition rate that occurs with changing business cycles due to economic shifts, a 5,700-unit pipeline is large enough that even with several projects falling through, the private development sector should be able to get the 1,579 units needed to reach their 4,300-unit goal.

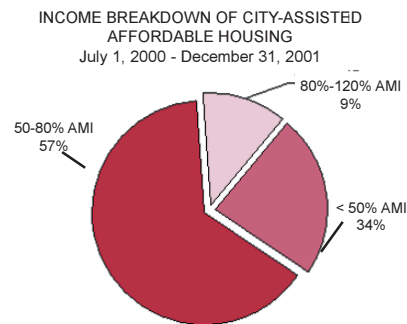
V. Affordable Housing Production

A key priority for the *Leading The Way* plan was to ensure that affordable housing represented a significant share of the 7,500-unit goal⁷. In total, 1,803 of the currently permitted 4,686 units are designated affordable units.

In addition, the pipeline of affordable units is very large, representing an additional 2,200 affordable units. Many of these affordable units will be created as a result of the Inclusionary Development Policy. This policy requires private residential developments that create 10 or more units and need zoning relief to include 10% of the total number of units as affordable. Another 59 units are anticipated in the Senior Vacant Apartments initiative as well as 10-20 units in the Residential Development and LISC 1-4 Programs.

Table 5 ACTUAL & PROJECTED AFFORDABLE HOUSING PRODUCTION			
Production Category	Permitted to Date	Pipeline as of 1/1/02	Total Potential Units
City Assisted Development	1,316	944	2,260
Long Term Vacant Public Housing	362	459	821
Private Development	125	809	934
TOTAL	1,803	2,212	4,015

To date, 91% of the City's affordable units are targeted to households earning under 80% of Area Median Income (AMI), substantially exceeding the 80% target established in *Leading The Way*. However, 34% of those units are for low-income households (under 50% of AMI) which is below the target share of 40%. An obstacle to raising this level has been the availability of Low-Income Housing Tax Credits. The Tax Credit program, administered by the State, has become increasingly competitive. Virtually every project with significant numbers of low-income units needs those tax credits to be financially feasible. The State has been very cooperative in allocating tax credits to Boston projects, so the City is not recommending any changes to the 40% low-income share at this time.



VI. Housing For Low Income, Homeless and Special Needs Populations

The *Leading The Way* plan also defined two performance goals within the production goals described above. These goals are: of the 3,200 units resulting from City-assisted housing production and the renovation of vacant public housing, 2000 units would be for low-income (under 50% AMI) households, of which 900 should be made available to the homeless. As of the end of 2001, 1,050 low-income units were permitted, of which 350 are set aside for, or expected to be occupied by, homeless persons. Increasing the rate of housing creation for the homeless will be needed to meet the 900-unit goal.

The City also recognized in *Leading The Way* the need to support the development of Supportive Housing programs for populations with special needs. Two of the key goals in



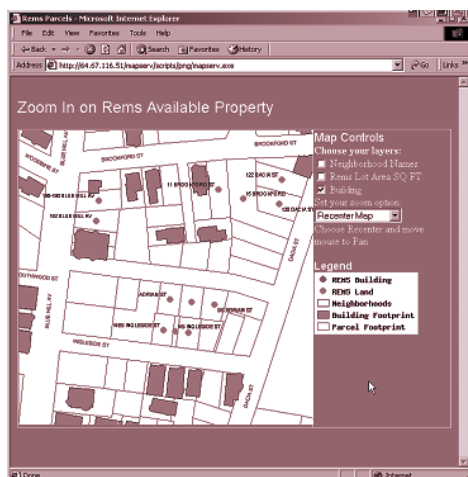
ST. BOTOLPH ASSISTED LIVING DEVELOPMENT

this area are 1) to create a comprehensive strategy to meet the needs of the homeless, and 2) to develop a policy that would assist in the siting of supportive housing in Boston's neighborhoods. In December of 2000, the City's strategic plan to address the needs of the homeless was released. This document can be downloaded from the City's website at www.cityofboston.gov/dnd/W_Homeless_Strategy_.pdf

Additionally, the City has developed the framework for its supportive housing siting policy. The concepts currently being discussed include several new provisions, including requirements that project sponsors demonstrate and document a solid facility management track record, financial feasibility both in the development and long-term operational phases, and significant (but not necessarily unanimous) community support. The City will provide incentives such as linking supportive housing providers with private or non-profit developers to encourage blended housing proposals. DND will also consider supporting real estate acquisition costs for supportive housing in areas where the City does not own much real estate. Project sponsors will also be encouraged to propose community benefits (e.g. off-street parking for residents during non-business hours, use of meeting rooms, adopting the maintenance of a local open space area, etc.) as part of their development applications.

VII. Land For Housing

Land is a critical ingredient in any effort to create new housing. For this reason, a key component of the City's housing strategy is to increase the amount of land that is available for development. *Leading The Way* identifies several strategies to achieve this goal:



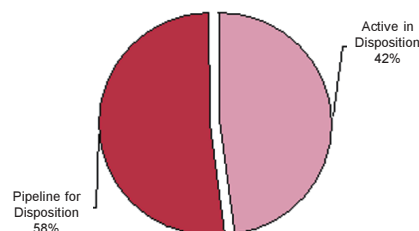
SAMPLE PAGE FROM AVAILABLE PROPERTY WEBSITE

The *Land For Housing Initiative* seeks to make 1,000 City owned parcels available for development.⁸ Currently, over 992 potentially developable residential parcels have been identified and listed as available on the City's Web site. Since the launch of this web page, over 163,000 hits have been recorded. The upgraded website now allows consumers to call up and customize maps showing all of the available inventory, and adjacent buildings.

415 parcels representing 2.3 million square feet of land are now active in the disposition process, with the largest number in the community review stage in which the City works with residents to plan for the development of the land before advertising the property sale. Since the City's 1,000 parcel goal is for properties *advertised* or beyond, this will require the City to, at a minimum, complete the community review process for all 1,000 parcels, by 2003. So far, only 126 parcels have made it to that point, but this was not unanticipated in the earlier stages of this initiative, since the community review process can often take the better part of a year to complete.

The Boston Redevelopment Authority is also the owner of a significant number of parcels of land. In 2000, the BRA identified 92 parcels it owns that were determined to be useful for potential development of housing on 45 sites. Since July 1, 2000, the BRA has begun planning with the community on the disposition and redevelopment of 22 of those sites. Six Requests For Proposals have been advertised and five sites have a redeveloper tentatively designated to create a total of

STATUS OF 1000 PARCEL INITIATIVE
JULY 1, 2000 - DECEMBER 31, 2001



Disposition Status	Parcels	% of 1000-Parcel Goal
Listed on Web Site	577	58%
In Community Review	289	29%
Advertised	101	10%
Developer Designated	13	1%
Sold	12	1%
TOTAL	992	99%

27 market-rate units and 30 units of affordable housing⁹. BRA-owned land for housing can also be found on the City's website. The website will be updated to provide additional information on the status of BRA-owned land for housing and to include the public process that BRA staff follow for disposition.

MAJOR DEVELOPMENT SITES

In addition to its own smaller land holdings, the City identified nine major sites that were capable of producing significant amounts of housing. All of these sites had been left undeveloped for a long time due to significant development obstacles. The City has committed itself to getting as many of these sites as possible into development for housing. Since the *Leading The Way* plan was enacted, there have been many developments regarding these sites.

SITES VERY LIKELY TO RESULT IN NEW UNITS BY 2003

The following sites have all had significant enough progress that the City is reasonably confident that they will result in new permitted units before June 30, 2003.

MATTAPAN CHRONIC DISEASE HOSPITAL SITE

Phase I (the Foley Building and Building 'E') was permitted in late 2000 to redevelop the Mattapan Chronic Disease Hospital into 116 units of housing, 92 of which will be affordable units. This project is currently in the pre-construction stage. Planning for Phase II,



THE FOLEY BUILDING - MATTAPAN STATE HOSPITAL

which includes the construction of 55 units of family rental housing should begin in 2002. Phase I has been included in the City's projections for City-assisted units. Phase II will not be included until the community planning process is complete and the City has a better idea of the project's timeline.



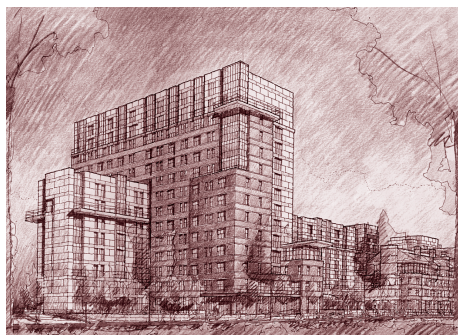
ARTIST'S RENDERING OF PARCEL DEVELOPMENT

PARCEL C, CHINATOWN

This site will have 251 residential units, of which 115 will be affordable. This project was awarded Low Income Housing Tax Credits in the fall of 2001, and was permitted in December 2001. This project has been included in the City's projections for City-assisted units.

SOUTH BOSTON ENHANCEMENT ZONE

The BRA and the State have completed the Municipal Harbor Plan and the BRA is currently engaged with the public, including property owners, in constructing a Master Plan for the Fort Point District. The BRA has issued an Adequacy Determination for the Mid-



RENDERING OF PLANNED D-STREET RESIDENCES MIXED-INCOME DEVELOPMENT

way Project, which will create approximately 183 units of housing, as well as for the Fan Pier project, which will create approximately 675 units of housing. Approximately 170 affordable units will be created through these two projects. In addition, through the Planning Process, the BRA is currently in discussion with the US Postal Service and Gillette to identify other appropriate sites in the Zone for housing.

MARTIN LUTHER KING BOULEVARD & WASHINGTON STREET

In June 2001, the BRA issued a Request for Proposals (RFP) for the development of a maximum of 60 residential units. A minimum of 20% of the units shall be affordable to households earning up to 120% of area median income (50% of those units shall be affordable to households earning below 80% of area median income and 50% of those units shall be affordable to households earning between 80% and 120% of area median income). The RFP also encouraged proponents to maximize homeownership opportunities and recognize the quality and type of the existing housing stock. The BRA received three proposals that were discussed at a public meeting held on October 1, 2001. The public comment period ended on October 26th, 2001. Final evaluation of all proposals is in process and the BRA Board will tentatively designate one development team by winter 2002.

BARNES SCHOOL, EAST BOSTON

The community review process was completed in late 2000 and the property was advertised in early 2001. A developer has been selected, and an application for HUD 202 Elderly Housing funding was submitted in the spring of 2001. 74 units will be created, and all will be low-income affordable. Although not approved for 202 funding in this round by HUD, the City remains confident that this project will be successful in future rounds. This project has been included in the City's projections for City-assisted units.



BARNES SCHOOL

SITES POSSIBLY RESULTING IN NEW UNITS BY 2003

These sites continue to present some development obstacles that could prevent them from permitting any new units by June 30, 2003. The City has not wholly eliminated the possibility that these sites will result in newly permitted units by June 30, 2003, but neither is the City counting on all of them to make its production goal.

PARCEL 3, ROXBURY

The BRA will begin drafting an RFP for this BRA-owned site upon completion of the Roxbury Master Plan, scheduled to be finalized in April 2002. The Plan will outline guidelines for the reuse of this parcel, which may include a mix of uses, such as residential, commercial, office, parking and public spaces. For any commercial uses, emphasis will be on jobs and/or jobs skills training opportunities as well as strengthening the Roxbury economy.

BORDER STREET, EAST BOSTON

It was originally anticipated that the City would begin the community review process for this site in the spring of 2001. Currently the site is also being considered through the East Boston Municipal Planning Process for inclusion in a Designated Port Area, which would eliminate the possibility of developing this site for housing. If this happens, other proposed housing developments in the area will need to make up for the loss of affordable units on this site. Additionally, the City is evaluating the environmental cleanup costs of developing the site for housing as it is expected that the former industrial property may have serious environmental contamination problems. The City will continue to carry this site and its possible creation of 110 units in its projections of City-assisted units until this issue is resolved.

BOSTON STATE HOSPITAL, MATTAPAN

The Master Planning Team, composed of members from the BRA, the State and representatives for the Citizens Advisory Committee, has completed the final draft of the “Boston State Hospital at Mattapan—Framework for Land Use and Development Plan”. Landscape Architect/Urban Design and Marketing consultants have been added to the master planning team, and the team is seeking broader community involvement in reviewing the revised Master Plan. The Master Plan process includes siting a new Boston High School and additional housing on the remaining parcels. Once completed, the team expects to issue RFPs for the remaining 63 acres of the site available for development. The Cruz Development Co. currently has a 100-unit Harvard Commons (Coop and Ownership) proposal being reviewed by the City.

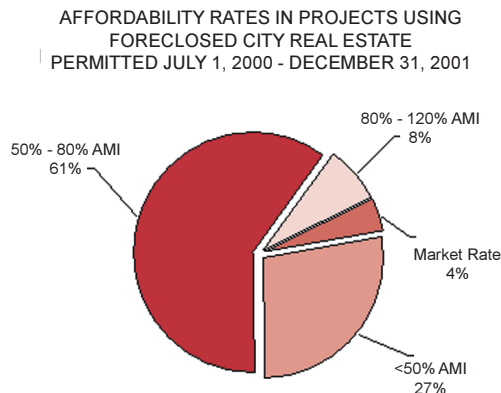
PARCELS 9 & 10, ROXBURY

The BRA will begin drafting an RFP for the disposition of the two BRA- and State-owned sites upon the completion of the Roxbury Master Plan, scheduled to be finalized in April 2002. The Plan will help guide the development of these parcels. In order to facilitate the disposition of the State -owned parcels, the BRA and the State are finalizing an agreement that would enable the BRA to act as disposition agent for the State-owned parcels on the two sites. It is anticipated that the sites could be made available for disposition by summer 2002.

PRIORITY FOR AFFORDABLE HOUSING ON FORECLOSED CITY REAL ESTATE

As part of its *Leading The Way* plan, the City committed to developing a policy to ensure that all of the City’s foreclosed residential land resources are used to benefit affordable housing either directly as development sites or indirectly as sources of revenue for affordable housing. In recognition of that commitment, DND now proceeds in all of its resi-

dential land dispositions with a *presumptive priority* for affordable housing. Any other use of the property must demonstrate that the public interest is better served with a non-housing or market rate housing development. In addition, programs such as Home Sites (single sites sold to an individual for a single house) or the Property Disposition Program (open market sales of sites not suitable for a development package) have incorporated affordability requirements into their program designs where there had been none before.



The results of these policy changes are demonstrated in the actual results from the last 18 months. 96% of the units permitted during this period that were built on foreclosed real estate were designated as affordable units. 88% of those units were low-and-moderate income affordable.

VIII. Abandoned Housing

The *Leading The Way* plan set out a goal of reducing the number of abandoned buildings by 50% over 3 years – from 376 to 188 properties. At the time that this goal was set, it was anticipated that it would be a difficult one to achieve. Interviews and meetings with a large number of property owners in the previous year indicated that the remaining abandoned stock was going to be difficult to turn around. Most of the properties that just needed stronger market conditions to be financially feasible were done in the wave of rehab that occurred between 1997 and 2000. The remaining properties almost all had other circumstances such as probate issues or disinterested owners that prevented them from being renovated.

As shown here, there was a 31% reduction in the inventory from 2000 to 2001. If this rate of rehab continues, the City should be on target to meet its goal of 188 properties by 2003. Since 1997, the number of abandoned properties has been reduced by 67%.

Table 7 ANNUAL CHANGE IN ABANDONED RESIDENTIAL PROPERTIES 1997 - 2001					
	1997	1998	1999	2000	2001
Abandoned Residential Properties	790	526	431	376	260
Change From Previous Year		-264	-95	-55	-116
% Change From Previous Year		-33%	-18%	-13%	-31%
Cumulative % Change From 1997		-33%	-45%	-52%	-67%

For more complete information about the abandonment survey, including methodology and analysis, please refer to the City of Boston's 2001 Abandonment Report. The report will be available after the first of the year and may be accessed from DND's website www.cityofboston.gov/dnd.

Progress Report on Leading The Way Initiatives:

2. Housing Preservation

I. Multifamily Rental Housing Preservation¹⁰

The *Leading The Way* plan set a goal of 5,342 units of multifamily rental housing to be preserved over the three years. This was to be comprised of 3,100 units of at-risk federally financed housing, 1,242 affordable SHARP units, and 1,000 other private rental housing units. As shown in Table 8, a total of 2,802 units, or 53% of the 3-year goal has been preserved to date.

Table 8 ACTUAL AND PLANNED MULTIFAMILY HOUSING PRESERVATION Through December 31, 2001			
Production Category	Preserved to Date	Pipeline¹	Total Units
Expiring Use and Section 8 Developments	2233	802	3035
SHARP	209	1005	1214
Other Multifamily Preservation	360	166	526
TOTAL	2802	1973	4775
¹ 'Pipeline' refers to projects currently working with the public funders including, the City of Boston, MHFA, and HUD. Additional projects will continue to be added throughout the course of the initiative.			

A key factor driving this performance rate has been the Expiring Use and Section 8 preservation. The City had established a goal of preserving at least 75% of the at-risk units, while in actuality 100% of the at-risk units have been preserved to date. The City has also presented to the Boston City Council a Home Rule Petition to the State Legislature that would enable the City to regulate rents in this formerly assisted housing.

The SHARP preservation efforts are also progressing. The combination of lower interest rates and strong rents for the market-rate units has made restructuring much more financially feasible than a year ago. Most SHARP owners have been, or are working on, preserving considerably more than the minimum 20%-25%¹¹ low income units required by the SHARP program. Currently, while only 209 affordable units have been secured through restructuring to date, owners are working toward preserving 1,214 of the originally identified 1,242 affordable units. Compared to the 678 units that could have been preserved had all projects only preserved the SHARP-required 25% of units, the current 1,214-unit projection is very encouraging. One project, Audubon Apartments, was foreclosed on by FNMA, who has committed to working with the City to preserve as many of the 37 affordable units as possible¹². The City of Boston had also supported a bill in the Massachusetts Legislature to require MHFA to continue the SHARP subsidy contracts until permanent preservation arrangements have been made. MHFA opposed the bill as being prohibitively costly to the agency, and promised to work out a more financially feasible option to address the City's concerns. The bill has not been acted upon.

In the *Leading The Way* plan, the City had proposed to create a 1,000-unit program called 'Preservation Alliances' that would provide financial assistance to get rental properties out of the speculative market and into non-profit hands or into private hands with long-term affordability restrictions. The City, while not releasing a program specifically entitled 'Preservation Alliances' has proceeded to work toward that goal in its Rental Development and

Hidden Assets programs. Projects such as Rockvale Circle in Jamaica Plain where the City foreclosed on a landlord and then sold the property to a local non-profit for rehab and long-term ownership as affordable housing, and the West Roxbury Trailer Park where the elderly residents are being assisted with a buyout plan are examples of how the City is proceeding with this component of its preservation agenda. Planned for the beginning of 2002 is a new purchase/preservation initiative that will aid moderate-income homebuyers to buy a three-decker with a condition (enforced through a deed rider) that one of the two rental units must be rented as affordable housing. The Mayor's Advisory Panel has also recommended that, given an anticipated softening in the housing market, the City look into developing a more formal acquisition financing tool to assist non-profits in acquiring rental properties on the open market as they become more reasonably priced.

II. Preservation of Owner-Occupied Housing

The *Leading The Way* plan set a goal of assisting 3,000 income-eligible homeowners preserve their housing through rehabilitation assistance. As shown in Table 9, the City is on target to meet its goal, with 48% of its goal complete. Including its currently active caseload, almost 60% of the units needed to make the 3,000 unit goal are underway or complete.

Table 9 ACTUAL AND PLANNED PRESERVATION OF OWNER-OCCUPIED HOUSING			
Production Category	Preserved to Date	Active Pipeline ¹	Total Units
Senior Homeowner Services	930	54	984
Senior Vacant Apartments (occupied units)	21	23	44
HomeWorks	275	174	449
Lead Paint Abatement	218	82	300
TOTAL	1444	333	1777
¹ 'Active Pipeline' refers to only those projects currently working with the City of Boston as of January 1, 2002. These programs will accept clients on an ongoing basis throughout the course of the initiative.			

III. Long-term Affordability Through Homeownership

In addition to preserving affordable low-income rental housing, the City's strategy for assisting moderate and middle-income tenants to obtain long-term affordable housing is to help them become first-time homeowners. The City set a target of assisting 2,000 renters this way. To date, 596 tenants have been assisted. This is substantially below the target of 1000 buyers needed to make the 2000-buyer goal by 2003. The key factor limiting the success of this effort is the lack of available stock that is priced at a level that, even with considerable City assistance with downpayments, closing costs and Soft Second mortgages, can be purchased by income-eligible households. During the first six months of 2002, the City will reassess its homeownership strategy to see if market conditions persist before making any adjustments to its 3-year goal.

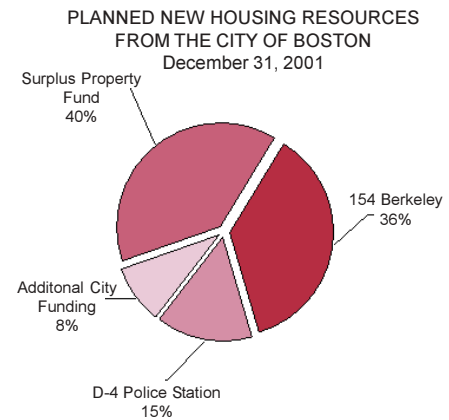
3. Partners & Resources

I. City of Boston Resources

\$33 million of new resources are being raised from city sources. As shown, most of those resources are coming from property sales of one form or another.

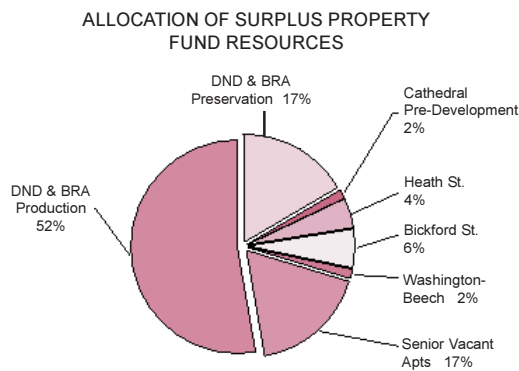
154 Berkeley Street (Former Police Headquarters):

The Saunders Group was designated developer by the Public Facilities Commission in November of 2000. Total purchase price will be \$14 million. It is expected that \$12 million will be netted from the sale after retiring any existing debt on the property when the sale is completed in early 2002.



Surplus Property Fund: On December 13, 2000, Boston City Council voted approval for the appropriation and expenditure of \$13 million from the Surplus Property Fund. By June 30, 2001 all funds had been committed to specific projects or programs. Most of the funds were allocated to the 1700-unit housing production pipeline that DND and the BRA had at that time. Most of those projects have been funded and permitted since then.

About 15% was allocated to the BHA for its major capital vacancies. Funding for the BHA's Cathedral Development was for pre-development work such as architectural and engineering (the capital funds for Cathedral will come from the sale of the nearby D4 police station in the South End). Funding for Bickford St. is the anticipated gap between what will be available from the Federal 202 Elderly Housing funds that were awarded in the fall of 2001 and the total project costs. The Heath Street funding is a part of what will be required to complete construction, and the Washington Beech funding is sufficient to complete construction.



17% of the fund is being used to support a portion of the 5,342 multifamily rental housing units that are to be preserved. \$2.2 million for the Senior Vacant Apartments will support a total of 75 new units. 41 of those units are already underway or in progress.

Area D-4 Police Station: As the new police station has been completed, the police

have relocated from the previous station designated as D-4. The former station was surplus by the police at the end of 2001. The BRA will be overseeing the disposition of the property, working with the existing Parcel 8 Task Force that previously worked on the Boston Center For The Arts property, along with other neighborhood groups and residents. Community process on this site will begin early in 2002. Revenues from this property (~\$4-5 million) are not expected until FY2003, and will be used primarily to support the rehabilitation of a large number of vacant units at the nearby Cathedral Development.

City Appropriation of \$3 million: As part of the City's FY2002 Budget, an additional \$3 million of City funds was committed for affordable housing to be made available when the existing funding commitments are fully exhausted. The source and appropriation method for these funds is currently being assessed.

ADDITIONAL CITY-GENERATED RESOURCES

In addition to the resources directly appropriated by the City, two other revenue sources are expected to generate additional funding to support affordable housing:

Revenues from Foreclosed Property Sales: Revenues from the sale of tax-foreclosed properties were committed as a dedicated revenue source for affordable housing for the duration of the *Leading The Way* plan. As of December 31, 2001, a total of \$986,000 was generated from market-rate property sales. The receipt of these revenues has been delayed due to the technical problems associated with implementing an appropriation and expenditure system for a dedicated revenue stream.

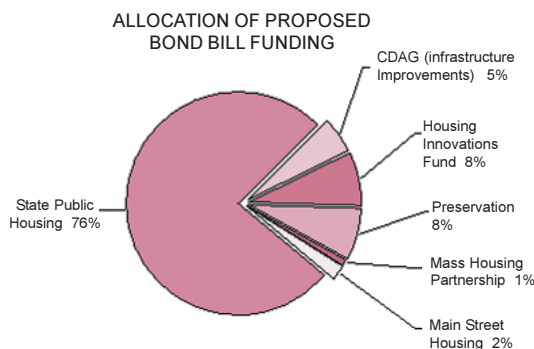
Inclusionary Development Policy Revenues: To date, developers have committed over \$4 million in Inclusionary Development funds. As these revenues become available, the City will need to establish a mechanism to collect and appropriate revenues from Inclusionary Development agreements that will ensure that these funds are used to create off-site units that are, at a minimum, affordable to the same income categories as on-site units (half affordable to households below 80% AMI, and the other half affordable between 80% and 120% AMI, with an average for this half affordable to households at 100% AMI).

Linkage Fee Increase: In May of 2001, the Mayor's Linkage Commission released its recommendations to inflation-adjust the Linkage fee from \$5.00 per square foot to \$7.18 per square foot. Additionally the Commission recommended to shorten the pay-in period for non-downtown projects from 12 years to 7 years, payable starting at Certificate of Occupancy (or 2 years, whichever comes first). This pay-in period adjustment will increase the present value of these Linkage payments by 23%. In the fall of 2001 the State Legislature approved the City's request to make these changes. In total, the value of Linkage revenues is expected to increase by 44%.

II. Commonwealth of Massachusetts Resources

The efforts of the City and the advocacy community to encourage action at the State level have had some significant results:

State Housing Bond Bill: A total of \$508 million has passed both the House and Senate. The two bills, while similar in most provisions, still need to be reconciled in Conference Committee in 2002. Several of the City's priorities are reflected in the Bond Bill, including funding for the preservation of existing affordable housing as well as funding to support neighborhood business district revitalization efforts. In anticipation of this new resource, the City has begun working with neighborhood business districts in Roxbury and Dorchester, with additional communities to follow, to develop concepts for a residential component to their revitalization efforts.



State Housing Trust Fund & State Housing Tax Credits: The new Trust Fund began making funding awards at the beginning of 2001, with most awards being tied to the State's Federal Low Income Housing Tax Credit Program. Boston projects have been well-served by the State -- \$8 million, or 40% of the statewide total went to developments in the City of Boston. The second year of the Trust Fund has, however, been delayed until the new budget passes.

III. Private Resources

Blue Ribbon Panel on Housing Finance: The Blue Ribbon Panel on Housing Finance was convened in the spring of 2001 and is charged with identifying new ways to create housing resources and make existing resources go further with creative financing strategies. These strategies will look at new potential City resources such as bonding, tax incentives, and tax increment financing. Additionally, leveraged and non-traditional financing mechanisms will be reviewed. The Panel is due to make its final recommendations early in 2002. Members of the Blue Ribbon Panel are:

Co-Chairs

Nic Retsinas

Jay Sarles

Joint Center for Housing Studies at Harvard University

FleetBoston Financial

Members

Lynn Browne

Howard Cohen

Robin Drill

Paul Ferreira

Joe Flatley

Paul Guzzi

Michael Hatfield

Tom Hollister

Dewitt Jones

Patrick Lee

Tom Meagher

Jim Murphy

Georgia Murray

Craig Nickerson

Jeanne Pinado

Bill Sandholm

Esther Schlorholtz

Matt Thall

Kimberly Welsh

Toby Yarmolinsky

Clark Ziegler

Federal Reserve Bank of Boston

Beacon Residential

Fannie Mae

Baran Partners

Massachusetts Housing Investment Corporation

Greater Boston Chamber of Commerce

FleetBoston

Citizens Bank

Boston Community Capital

Trinity Financial

Finance Consultant

New England Realty Resources, Inc.

Finance Consultant

Freddie Mac

Madison Park Community Development Corporation

Rose Associates, Inc.

Boston Private Bank and Trust Co

LISC

PaineWebber

Tucker Anthony

Massachusetts Housing Partnership

Endnotes

¹ *Housing Production is defined as any unit added or returned to the housing stock through new construction, adaptive reuse, or rehabilitation of a unit that has been vacant for at least 1 year. In cases of demolition/redevelopment projects, only incremental units (units created over and above the number of occupied units prior to redevelopment) are considered to be additions to the housing stock.*

² *A complete copy of Leading The Way can be downloaded from at the following web address: www.cityofboston.gov/dnd/W2_Housing_Strategy_Report.pdf, or by mail by calling DND at 617-635-0259.*

³ *Defined as all projects receiving public financing assistance or real estate from the Boston Redevelopment Authority or the City of Boston.*

⁴ *Some of these vacant units do not meet the City's definition of new production (see footnote 1) and are not included in the totals for new housing production or affordable housing production.*

⁵ *No units from the Maverick Redevelopment are counted as yet in the housing production projections.*

⁶ *Dormitories are converted to "units" of housing by dividing the number of dorm rooms by 4 (based on an assumption of 4 students per apartment).*

⁷ *Defined as all units affordable to households earning under 80% AMI or between 80% and 120% AMI where the unit is priced substantially below its market value, and is deed restricted for a minimum of 15 years.*

⁸ *Defined as advertised for sale.*

⁹ *This summary does not include sites such as Rollins Square, St Botolph Assisted Living and 6 Gordon Avenue that were advertised prior to July 1, 2000.*

¹⁰ *Defined as physical rehabilitation to eliminate health and safety hazards in units occupied by income-eligible households and/or preservation of affordable rents/prices for income-eligible households for a minimum of 15 years.*

¹¹ *25% in the first 15 years, 20% thereafter.*

Credits:

Text: Kevin McColl

Editing: Carol Owens

Proofreading: Erin Amar, DeWayne Lehman, Joanne Massaro,
Mary Moran, Carol Owens

Layout and Design: Erin Amar

Leading The Way Logo: Gary Battiston

Union bug here